



ECONOMICS, STATE AND RELIGION IN EUROPE

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Abstract:

This paper will explore the relationship between religious, especially Christian, bodies and entities and European States and political institutions, focusing largely on its juridical and economic aspects and inclinations, with the intent of producing a general overview of the interconnectedness and complicated relations of religion and economics in modern-day Europe. The primary focus of this text will center on financial attitudes and practices, specifically exploring the various approaches that define how States can allocate funds to religious denominations. The first part will explore the relationship between politics, economics and religion within the European Area from a theoretical and historical perspective, while also briefly illustrating a general outline of Europe's current religious structure. The second part will be focused on the three main financing models that are adopted by Present-day European States in regards to religious denominations: direct financing; mixed models, namely the Church System and those related to Income Tax donations; absent or minimal funding.

Keywords: inadequate leadership, public and commercial establishments, management

1. Religion in Relation to European Politics and Economics

It is possible to argue that the vast majority of European history has been characterized and revolutionized by the relationship formed between the institutions of State and religion, namely of Christian descent. Europe's current political, cultural and economic structures can be interpreted as the result of such interaction(s). A likely and legitimate assumption is that political and religious phenomena in Europe developed simultaneously and intrinsically, that, throughout history, they have overlapped, collided, intertwined and, more generally speaking, deeply influenced one another, generating a peculiar duet which to this day is still subject to variations and critiques, as well as external and internal pressures. In tracing an outline of religion's role within Western political thought and history it is essential to keep into consideration the importance of economic factors and the field of economics as a whole, for the relationship

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between the two has long been a source of conflict and has resulted in several mutual influences.

Many religions tend to provide their followers with specific economic attitudes or systems, as well as ethical and behavioral directives, which have come to influence (and some would argue shape entirely) many economic fields and doctrines. Institutions such as the Roman Catholic Church are to be considered religious entities of great socio-political relevance as well as significant economic establishments with worldwide historic impact. Concurrently, such religious-economic attitudes and the religions they stem from have often been inspected and condemned by major political and economic scholars and are still subjected to frequent juridical measures and legislations.

In their paper on this subject matter, titled *“The Relationships of Religion to Economics”* (2001), Patrick J. Welch and J.J. Muller argued that, within Western economic and religious doctrines and texts, there are four main categories into which the different relationships that exist between economics and religion are to be placed: *“economics separate from religion, where there is no perceived interaction or a preference for no interaction; economics in service of religion, and religion in service of economics, where one of the two is perceived or preferred to be subordinate to the other; and religion in union with economics, where the two are perceived as having areas of overlap and complementarity.”* (Muller and Welch 2001, p. 186). While it is essentially impossible, if not useless, to identify any of these theories as entirely accurate or truthfully predominant, analyzing the texts and viewpoints which support them should lead to the conclusion that the relationship between religion and economics is extremely intricate and ambivalent, and that there lies its quintessential essence: religion and economics exist in unison and, in doing so, shape and affect human existence as well as each other.

2. The religious structure of present-day Europe

As previously mentioned, religion played a crucial role in defining the current political, economic and social landscape of Europe. As sociologist of religion Grace Davie wrote in her work *“Religion in modern Europe: a memory mutates”* (2002), the most fitting description of the nature of the interactions held between States and religion throughout European history would be *“Tensions and partnership”* (Davie 2002, p. 2): after all one might argue that religion was and still is very much inherently political. Additionally, as stated by Davie, due to its intricate history Europe displays a shared religious heritage tied to Christianity, which has served as a common, transnational set of beliefs and values. The complex nature of the aforementioned circumstances and phenomena led present-day Europe to be defined by diversity: the European Union itself was founded on the idea of cohabitation and cooperation between fundamentally different States and communities, and as such contains a vast number of religious majorities and minorities. It is widely accepted that, along with other historical events and external influences, the two great splits which occurred between the Catholic Church and the Orthodox and Lutheran ones had everlasting effects on European political, cultural, economic and and, of course, religious structures: Davie noted that *“Western Europe divided itself into a Catholic South*

(Spain, Portugal, Italy, and France, but also including Belgium and Ireland) and a Protestant North (Scandinavia and Scotland), with a range of 'mixed' countries in between (England and Wales, Northern Ireland, the Netherlands, and Germany). Central Europe exemplifies similar categories, though the geography is rather more complicated. Lithuania, Poland, Slovakia, Slovenia, and Croatia are firmly Catholic; Estonia and Latvia are Lutheran and relate closely to their Scandinavian neighbors (a commonality strongly re-emphasized as the Baltic republics regained their political independence); Hungary and the Czech Republic, finally, are rather more mixed (primarily Catholic but with significant Protestant minorities)." (Davie 2002, p. 16-17)

As far as the current relationship(s) between State and religion in Europe is concerned, three main models can be taken into account. Firstly, although it is considered to be a receding phenomenon, Countries such as Denmark, Bulgaria, Greece, Malta and Finland are defined by the existence of one or more State Church(es) or legally endorse one religion over all others, such a condition is referred to as a "State Church System" (Robbers G., 2005, *State and Church in the European Union*, 2005, pp. 578-580) and of course often leads to a complicate intersection of State and religious structures of power and influence. Alternatively, Countries like France, The Netherlands and, technically, Ireland opt for a "Separation System" (Robbers G., 2005, *State and Church in the European Union*, 2005, pp. 578-580): a strict separation between Church and State, funded in secularism. Lastly, many European Countries rely on a "Hybrid System" (Robbers G., 2005, *State and Church in the European Union*, pp. 578-580) which entails mutual interdependence while still assuring a certain level of cooperation, such a model is implemented in Italy, Spain, Portugal and Hungary, amongst others.

In light of such conditions it is fairly obvious, if not logical, that there exist within Europe several different approaches and policies concerning Church-State (as in state and religion) relationships as well as the economic aspects of religion and religious institutions.

2. European Approaches to Religious Funding

How, and if at all, a State provides financial aid to the religious denominations under its jurisdiction has become a key differentiator amongst European countries and tends to vary greatly between them. Therefore, analyzing and qualifying such policies and approaches allows for a better understanding of the various political, juridical, economic and cultural functionings of Europe. It is safe to say that, generally speaking, almost all European States tend to finance religious activity. Such tendency is not to be interpreted as a form of support towards one religion or the other, or towards certain religious institutions, but rather as the legitimate fulfillment of societal needs and rights: it is admissible due to the social function of religion itself and is often considered a duty that the State must fulfill. Additionally, religion is strictly tied to ethical and political ideas, which means that financing people's creeds coincides with influencing public opinion and political endeavors. Moreover, religion inevitably assumes heavier political connotations and greater social functions the stronger religious morality is in a certain

Country or territory, a phenomenon which can partly explain the different European approaches and clearly also influences the laws and inclinations in regards to this matter. Historically, and contrary to the American system, the European model for Church-State relationships has been defined by the State-endorsed financing of religious denominations. A practice which has undergone notable changes in the past few decades, primarily due to the constant evolving of its underlying motivations. As Professor Rik Torfs argued in a 2007 paper titled "*Religion and State Relationships in Europe*", three main "eras" (Torfs 2007, p. 40) can be identified in the development of Church and State affairs from an economic viewpoint. The first of such eras can be identified towards the beginning of the 19th Century: following the nationalization of many goods and properties belonging to the Church, States began providing finances as a form of compensation. Moreover, the Church (be it Catholic, Lutheran, Orthodox, etc) as an institution had long been associated with a greater sense of virtue and dignity as well as an essential historic role, which such Countries honored through financial means. The second time period which heavily altered and influenced this relationship came about in the late 1940s, with the implementation of the Welfare State model in most of Europe: the main idea behind the Welfare State revolves around topics of cooperation and partnership between different social players and is aimed at guaranteeing public wellbeing. This meant that the State worked in unison with religious entities, and that financing religious organizations and projects often equaled financing the greater Welfare State and implementing measures in favor of its citizens. At last, it was the aftermath of the 9/11 attacks that modified once more the ways and reasons why States associate with and economically provide for religion: security became non-negotiable and religion was oftentimes conceived as a possible cause for public unrest or violent episodes, which brought many States to fund religion in order to either keep it under control or provide some sort of "reward".

Present-day European governments tend to apply one of three models when it comes to the funding of religious denominations: some provide direct financing; others employ a mixed system of indirect financing; some do not provide any form of financing on the premises of complete political secularism.

2.1 Direct State Funding

Currently, some European States directly provide fundings to religious entities and denominations, and do so to varying degrees. While in the past many Communist States supplied religious entities with direct financial support (a system which is still implemented in China) not only was such funding minimal, due to the communist perception of religion, but it was also adopted as a form of control over religious institutions and practices. Such an arrangement differs greatly from what takes place in present-day Europe.

In Greece, the majority of the population identifies with Orthodox Christianity and the Orthodox Church plays a crucial role in the Country's history and culture, as it still holds a position of dominance in public and social life. The Constitution directly states that "*The prevailing religion in Greece is that of the Eastern Orthodox Church of Christ.*" (Article

3 Paragraph 1) and in doing so grants several privileges to the Orthodox Church, moreover, it also establishes that the State must provide direct funding to support and preserve it. Such legal measures objectively favor one creed above all others, as the Orthodox Church is subject to preferential treatment both legally and financially. This, however, does not determine the absence of religious freedom in Greece, which the Constitution describes as “*inviolable*” (Article 13).

Prior to 2014, the Orthodox Church of Greece, the Jewish faith and the Muslim minority of Western Thrace were the only faith communities granted public law status, and as such had access to a number of benefits and legal or financial tools, a Law passed that year extended a new form of legal status to Roman Catholic, Anglican, Ethiopian Orthodox, Evangelical, Coptic Orthodox, and Armenian Orthodox creeds, while still leaving out many other religious minorities, which were only granted the possibility to apply for such position, often to be rejected. The Greek State currently provides salaries and pensions to the Orthodox clergy, supports Orthodox education and contributes to the maintenance and restoration of religious buildings and other properties owned by the Orthodox Church, which also enjoys several tax exemptions. The U.S. Department of State’s 2022 Report on International Religious Freedom states that in that year “*The government continued to provide direct support to the Greek Orthodox Church, including funding clergy salaries, estimated at €200 million (\$213.7 million) annually*”, while also partially financing other religious denominations.

Similarly to other Scandinavian Countries, Norway has established a State Church system: the Constitution states that “*The Evangelical Lutheran Confession remains the public religion of the State*” (Article 2) and acknowledges the King as head of State and Church, while also declaring a commitment to religious freedom and equality amongst all faith groups. What once was a strict tie between the Norwegian State and the Church of Norway has been loosened in the past few decades: following the development of a Church Synod and a permanent Church Council, a 1996 law directly regulating Church-State relations was passed, ensuring a certain level of self-governance to the Church, specifically on a local level. Secularism, Church autonomy and religious pluralism have all become sources of debate within Norwegian society and political environments. While the State Church has always received funding from the State, other religious denominations were granted eligibility for financial support in 1969 as well as the possibility to be officially registered by the State, though both registered and non-registered faith groups were (and are) able to receive State funds. Currently, the amount of these subsidies is calculated based on how much the State Church receives per member each year. Generally speaking, the Norwegian State provides funding to religious communities on both a local and national level: the national government provides subsidies meant to cover the cost of benefits, wages, and pensions of religious employees, while local municipalities can finance the maintenance of religious buildings and properties, although such privilege is usually reserved to the Church of Norway.

Estonia is a mainly Lutheran territory and, while Article 40 of its Constitution denies the existence of any State Church or official State religion, the Country has long been criticized in regards to Church-State affairs and has been accused of providing

preferential treatment to Christian Churches. For instance, the Estonian Council of Churches, consisting of ten Christian Churches, has always been held in particular high regard by the State: it has been regularly receiving direct State-provided funds and, as Merlin Kiviorg notes in *“Religion and the Secular State in Estonia”* (2014), “the Council has been treated as a partner in decision making on religious freedom questions in Estonia”. Additionally, per a 2003 policy paper titled *“Preservation and Development of Sacred Buildings”*, the Estonian State has been providing funds to support Church buildings: although approved on the basis of the cultural, artistic and historical significance of such buildings, Kiviorg states that *“this policy paper has a wider purpose, as it sees Christian Churches as partners to the State”*. While it is possible to argue that the Estonian State has not exactly been upholding religious equality, it offers support to all religious groups in the form of tax exemption: religious associations are not subjected to Income nor Land Taxes.

Other countries that, to a certain extent, adopt a similar system in regards to certain religious denominations, each with its own dissimilarities and fluctuations, include Bulgaria, Belgium,, Montenegro and Serbia.

2.2 Mixed Methods: Church Tax & Income Tax Donation

Mixed systems usually entail the participation of the State as a mediator of sorts between religion and religious citizens: while not directly providing any funds, the State arranges systems and procedures through which worshippers can (and, in some cases, must) financially support their respective religious denominations and Churches. There are two different approaches which may be displayed: the State can either establish a so-called “Church Tax”, which is to be paid by citizens registered as religious, or it can arrange for fiscal practices which entail that taxpayers reallocate part of their annual income to religious institutions (or other non-religious organizations).

The Church Tax system is mainly applied in Northern European Nations such as Germany, Austria, Switzerland, and Scandinavian countries (with the exception of Norway): it is therefore found both in States that adopt a Hybrid System, funded in secularism but not strict separatism, and in those which opt for (or historically have opted for) a State Church System, with *“unionist tendencies”* (Pistolesi I, 2012, *I Diversi Modelli di Finanziamento Pubblico: uno Sguardo d’Insieme*, pp. 5). In these countries religious citizens must register as such and pay a tax, collected by either the State or by religious authorities themselves and generally put towards the compensation of clergy members, the maintenance of religious buildings and other costs that places of worship may encounter. Possibility of exemption from the tax is customarily only granted to non-religious individuals or to those who formally resign from a Church, actively renouncing any kind of religious service. Generally speaking, the right to levy a Church Tax on their members is reserved to religious denominations that are officially recognized by a Country’s constitution as entities of public law, and are therefore endowed with legal personality, while all others, whether officially recognized (in which case they might access extra benefits and privileges) or not, are commonly treated as private entities and as such do not possess the right to exercise this practice.

Germany is considered the leading example in regards to the Church Tax System: the constitution of Weimar establishes this practice, labeled *Kirchensteuer*, through Article 137, allowing recognized religious denominations, primarily the Roman Catholic Church and the Protestant Evangelical Church, to collect a fee from their members. From a legal viewpoint, this system is “based on a constitutional differentiation that creates the privileged category of public law corporations’ ” which, within the limits set by Lander laws, “determine the extent of the necessary funding for religious groups”, whereas the amount of the tax itself is arranged by “the local religious authority.” (Pistoiesi I., 2012, *I Diversi Modelli di Finanziamento Pubblico: uno Sguardo d’Insieme*, pp. 6). According to the official website of the German Federation (*Bundesportal*), the amount of the *Kirchensteuer* usually fluctuates between 8% and 9% of a citizen’s income tax liability, and one can only be exempt from paying it either under certain specific circumstances (students, the unemployed, etc) other than by withdrawing from the Church.

Austria displays a similar system, as the practice was introduced during Germany’s annexation of Austria: religious taxation is based on special laws or concordats and is currently reserved for the Catholic Church, the Old Catholic Church and the Protestant Church, at a rate of approximately 1%, as stated on the official website of the Catholic Church of Austria.

The case of Switzerland presents a much more complex landscape: as the Country is a confederation, Article 72 of the Swiss Constitution delegates the regulation of Church-State relations entirely to each Canton’s own local government and laws. The right to levy a Church Tax is granted on the basis of relevant historical, traditional or sociological reasons, to the Roman Catholic Church, the Old Catholic Church and the Evangelical Reformed Church, all of which vary greatly in composition and numbers depending on the Canton or municipality. As aforementioned, Cantons are essentially free to regulate the Church Tax, which brings about nationwide differences: the cantons of Geneva and Neuchâtel do not have a mandatory Church Tax and individuals are free to voluntarily finance religious denominations though private, tax deductible, donations and contributions; in the canton of Ticino only certain municipalities exercise their right to levy the tax; in the Vaud Canton all Church expenses are handled by the Stat. Moreover, all legal entities (except religious ones) must also pay the Church Tax in all Cantons, with the exceptions of Aargau, Appenzell Innerrhoden, Basel-Stadt, Geneva and Schaffhausen. Exemption from the Tax is regulated through Article 15 of the Swiss Constitution, however, different cantons display different regulations in regards to when the exit from the Church and actual exemption from the Tax come into force, while legal entities do not have the right to invoke Article 15 in any Canton under any circumstance. Scandinavian countries differentiate themselves from the previous examples as their respective constitutions legally recognize (in the case of Finland and Denmark) or have done so until fairly recent times (Sweden) official State Churches.

In Finland the constitution recognizes two official State Churches: the Evangelical Lutheran Church of Finland and the Finnish Orthodox Church, all members are obliged to pay an income-based Church Tax at a rate of 1% to 2% (according to the official website

of the Evangelical Lutheran Church of Finland and the 2022 Report on International Religious Freedom by the U.S. Department of State) to be collected by the State.

Denmark designated the Evangelical Lutheran Church of Denmark as its official State Church in 1849 through Articles 4 and 6 of its Constitution, which respectively state that *“the Evangelical Lutheran Church is the national church of Denmark and as such enjoys the support of the State in its economic, legal, and political relations”* and that the ruler of the Danish Monarchy must be a member of the Church. The Church is regarded as *“an administrative authority without legal personality”* (Pistoletti I., 2012, *I Diversi modelli di finanziamento pubblico: uno Sguardo d’insieme*, pp. 8) and is managed by the Ministry of Ecclesiastical Affairs. According to the official website of The Danish Customs and Tax Administration *“Approximately 74% of the Danish population are members of the Danish National Evangelical Lutheran Church (Folkekirken), and the members pay church tax. This tax covers the running and maintenance of the churches in the municipality. The size of the church tax varies from municipality to municipality, and it is collected together with the other direct taxes”* while Prof. Kjems Sidsel wrote in his 2018 work titled *“The Significance of Church Tax. The Historical Background, the Concept and the Significance of Church Tax. The Case of the Established Church in Denmark”* that the average amount of the Kirkeskat is around 0,87% of the taxpayer's gross income. Additionally, as Article 4 suggests, the Church of Denmark also receives fundings from the Danish State, which make up around 9-10% of its total annual income, a practice which, as noted by Sidsel *“means that even people who are not members of the Church of Denmark finance its activities through taxes”*.

Sweden has not had a Church State since the year 2000, when the *Svenska Kyrkan* (the Evangelical Lutheran National Church of Sweden) along with its authorities and bodies was radically separated from the State. While it would be incorrect to state that Swedish Law imposes a Church Tax, such practice is allowed and offered by the Swedish State to registered religious denominations (such as the Catholic Church of Sweden, the *Katolska Kyrkan*, as well as the Muslim and Jewish communities). According to the Swedish official government website *“to help finance its international and domestic activities, the Church of Sweden levies a fee (Kyrkoavgift) on its members”* and such fee *“currently averages around 1 percent of members’ income”*, the official website of the Swedish Catholic Church also states that *“we pay 1 % of our taxable income from employment, which is the same level as members from most other religious communities in Sweden pay”*. Additionally, the Swedish State has established the Agency for Support to Faith Communities (*Myndigheten för stöd till Trossamfund*), in order to provide financial help to all religious denominations in the Country.

The second mixed financing system that will be taken into analysis is mainly adopted by States that have established a *“Hybrid System”*, such as Italy, Spain, Portugal and Hungary, all of which are also historically and predominantly Roman Catholic Countries. Generally speaking, this approach consists of fiscal strategies and systems which allow (and in some cases compel) taxpayers to allocate a fraction of their annual income to religious institutions, the State itself or other humanitarian organizations.

Due to the complex and intrinsic nature of its relationship with the Catholic Church, Italy’s current attitude towards Church-State affairs is the result of a long history

of agreements and disagreements. It must be noted that up until the 19th Century the Catholic Church was not only an institution but a State itself, one which occupied several territories that belong to present-day Italy and had to be militarily conquered and/or politically negotiated following the establishment of the Italian Kingdom in 1861. The Vatican State as it is now known is not even 100 years old: it was officially founded in 1929 with the Lateran Pacts, agreed upon by the Mussolini-run government and Pope Pius XI and the first in Italian history to concretely negotiate Church-State affairs. Italy's history and culture are deeply rooted in Catholicism and its relationship with the Catholic Church: the Country is still predominantly and actively Catholic and the Vatican State is nestled in Italian territory, as a result, Church-State relations are exceptionally complicated and, more often than not, controversial. Through the aforementioned 1929 Lateran Pacts the Italian State not only recognised Vatican City as an independent State but also guaranteed that the newborn State and the Catholic Church itself would benefit from several privileges and concessions. From an economic viewpoint the agreement entailed immediate monetary reparations of a considerable amount, direct financial support for the clergy, priests and many Catholic institutions, along with several forms of indirect financing, mainly regarding tax benefits and other fiscal arrangements, which rendered religious activities legally equal to those of charity and education.

Following WW2 and the birth of the Italian Republic, the terms and conditions that had been agreed upon in 1929 could no longer hold, therefore, a new concordat was discussed and then signed between 1984 and 1987. The relationship between the Italian State and the Catholic Church are now regulated through Articles 7 and 8 of the Constitution: in regards to public financing of the Catholic religion, Article 47(2) of Law 222/1985 established the "*Otto per Mille*" system, which came into full effect in 1993. This practice entails that all taxpayers in Italy devolve 0,8% of their annual income to an entity of their choice, be it the Catholic Church, one of the other eleven legally recognized religions in the Country or other State-run programs and organizations, interestingly enough, the Catholic Church is the only one to yearly release "*Otto per Mille*" advertising campaigns.

According to Giulio Ercolessi's piece "*Italy: Born as a Secular State in the XIX Century, Back to a Clerical Future in the XXI Century?*" contained in "*Separation of Church and State in Europe*" (2012) by Fleur de Beaufort and Patrick van Schie, "*About 40% of tax-payers actually make a choice, about 80% of them usually in favour of the Catholic Church*" while "*only 10% of tax-payers make an explicit choice for the state*" (Ercolessi, G, 2012). While the choice itself may be voluntary and reserved to the individual, taxation is compulsory for all: in regards to undeclared preferences the State simply redistributes the deriving funds between all recognized religious denominations, using a proportional system which essentially allocates such resources on the basis of expressed choices, this means that "*if 80% of the 40% tax-payers who expressed their choice signed for the Catholic Church, it will receive 80% of the total. Even though it had actually been chosen by only 32% of tax-payers.*" (Ercolessi, G, 2012). Ercolessi also points out how, when the 1984-87 Concordat was signed, a commission was created with the specific task of regularly verifying whether the 0,8% rate could be reduced once it had reached the necessary sum

to provide for all priests' wages, and how, although "*that has actually been the situation for years*" nothing had actually been proposed in 2012 when he wrote the piece, and it has not been done in the twelve years that have since passed either.

Spain's current Church-State relations are dictated by the 1978 Constitution through a tax measure known as "*Asignación Tributaria*". Currently, in accordance with the provisions of Law No. 42 of 2006, Spanish taxpayers can donate 0,7% of their annual income to the Catholic Church, governmental social assistance programs, both of them or neither, and if no choice is expressed such amount remains at the disposal of the State. The official website for the Spanish Tax Agency states: "*the allocation of amounts to the Catholic Church is independent of the tax allocation to activities of general interest considered of social interest, both being compatible with each other. If you do not check any of the boxes corresponding to these options, your part will be charged to the General State Budgets for general purposes.*" The aforementioned Law also disciplined the removal of several tax exemptions previously granted to the Catholic Church, as well as the obligation to provide an annual report on the usage of the obtained funds. Despite these measures and its Constitution clearly stating that all religious creeds should be subjected to equal treatment, the Spanish State has long been criticized for supposedly advantaging the Catholic Church: for instance, no other religious denomination has access to the "*asignación tributaria*" system, not even the Jewish, Evangelical and Muslim communities, which are recognized through an official agreement or concordat but whose sole benefit consists of tax deductibility of donations. Nevertheless, beginning in 2005, most religious minorities can finance their cultural and educational programs through public funds provided by the State-run foundation "*Pluralismo y Convivencia*".

In Portugal, where a first Concordat with the Catholic Church was signed in 1940, amended but only slightly modified in 1975 and then entirely substituted in 2004, a system akin to the Italian and Spanish ones was adopted in 2001 and allows taxpayers to donate 0,5% of their total income to either charitable organizations or religious groups. Such legal procedure was defined by the introduction of a hierarchy system: certain religions were typified as "*rooted*" in Portugal, and therefore granted access to a number of legal and financial benefits, while others were simply "*recognised*". Moreover, the law also established a Commission on Religious Liberty "*where two seats belong to the catholic church, three to representatives of religious communities appointed by the government, and five more to specialists*" (Alves R., 2012, *Secularism and Secularization in Portugal*, 2012), which has the power to confer the "*rooted*" title. According to Ingrid Pistoletti, the main requirements for such status are a large number of followers and a certified presence in the Country for at least 30 years.

Lastly, Hungary also adopts a tax-based system and, similarly to the previously mentioned Countries, tends to favor the Catholic majority at least to a certain extent, while constitutionally ensuring religious equality as well as State neutrality and providing other religious denominations with similar financial means and benefits. According to the 2022 Report on International Religious Freedom by the U.S. Department of State, "*the law establishes a four-tier system of, in descending order, "established (or incorporated) churches," "registered churches" (also called "registered II"), "listed churches"*

(also called “registered I”), and “religious associations” and all religious denominations appertaining to one of these tiers have the right to access tax allocations from taxpayers, which amount to 1% of each donor’s total yearly income. Additionally, “the two highest categories are also eligible for state subsidies supplementing the income tax allocations, and religious groups in the highest tier may offer religious education classes in schools”, such benefits are mainly reserved to Roman Catholic, Reformed, Lutheran, and Jewish denominations. One element that sets Hungary apart from Italy, Spain and Portugal in regards to its financial and legal relations to the Holy See is tied to its communist past, which was characterized by the seizure of all religious (therefore mainly Catholic) properties and goods by the Regime as well as widespread political hostility towards religion. Present-day Hungary has official treaties signed with the Roman Catholic Church and the State is particularly attentive to matters of religious freedom: as Balázs Schanda notes in his work “*Religion and the Secular State in Hungary*” (2015) “the Constitutional Court stated in the context of the restitution of church property confiscated during the communist regime that the operability of churches was a condition for religious freedom”.

3. Absent funding

The third kind of approach that some States apply in regards to Church-State relations is rooted in secularism and consists of almost total detachment: generally speaking, the State entirely distances itself from religion and religious denominations, not providing direct funding or indirect funding resources or doing so minimally. While it is important to note that this system is not applied homogeneously, as each State has its own peculiarities and practical variations, it can be observed throughout Europe mainly in France, where a system of total separation is implemented in the name of the principle of “*laïcité*”, the Netherlands, the UK and Ireland, which opt for a “*communitarian*” model, based on the acknowledgement and independence of different religious groups, as well as Albania and Latvia.

France is often credited as the perfect archetype of State secularism: the French State is inherently secular and such principle is enforced in all public and political spaces and policies, in order to upkeep public order and guarantee equality amongst French citizens. Such a strong affiliation to secularism originated in 1905 through the so-called “*Separation Law*”, which essentially severed any relationship between State and religion, specifically terminating the 1802 Concordat with the Catholic Church. Article 1 states that “*The republic safeguards freedom of conscience*”, therefore ensuring religious freedom and equality. Article 2 establishes that “*The Republic neither recognises, nor pays salaries, nor subsidises any religious denomination*”, while prior to 1905, leaders of the four legally recognized religious groups, Judaism, Lutheranism, Calvinism, and Catholicism, were remunerated by the State. However, through this law the State also gained possession of all religious buildings and places of worship built before 1905, the upkeep of which it still finances. When the Constitution of the Fifth Republic was signed in 1958 its first paragraph declared “*The Republic is laïque (secular) and all beliefs are respected*” and, currently, the French Government must not provide fundings to any faith group,

however, religious denominations can apply for official recognition and receive tax exemptions: most groups normally register as both “*association(s) of worship*”, which are exempted from certain taxes, and “*cultural association(s)*”, which are not subjected to exemption but, contrary to the former, can engage in profit and non-profit activities. Additionally, the State can loan guarantees or lease property to religious denominations at favorable rates and, to a certain extent, it also finances denominational schools, a practice which has long been debated and criticized. There are, however, three main exceptions to the aforementioned structure: the region of Alsace-Moselle, where a Napoleonic Concordat is still in place, allows religious citizens to donate part of their annual income to Catholic, Lutheran, Calvinist and Jewish institutions and provides the salaries of Pastors, Bishops and Rabbis; the Overseas Department of French Guiana provides funding to the Catholic Church; other Overseas Departments can also financially provide for certain religious groups. One last consideration in regards to France’s system has to be made with reference to the many critiques it has received, especially in relation to Islam, as many argue that the French State has utilized the excuse of a secular State to undermine and discriminate against the French Muslim community. Religion has long been an extremely controversial topic in Ireland: the Country’s history has been defined by religious contrasts and conflicts, mainly between the Catholic majority and an Anglican minority. The Anglo-Norman domination of Ireland began in the 12th century and eventually entailed the total imposition of the Anglican faith under Henry the VIII, which was then followed by the Act of Union in 1800: from that moment on Ireland was under British jurisdiction and the (anglican) United Church of England and Ireland was established as the only official Church. The Country’s independence in 1921 was followed by decades of animosity and violence, especially along the Northern Ireland territories and borders. Currently, Article 44 of the 1937 Constitution covers religion in Ireland: it states that the State must “honour” and respect religion, as well as prohibit any form of religious discrimination: “*Freedom of conscience and the free profession and practice of religion are, subject to public order and morality, guaranteed to every citizen*”; moreover, the Article also declares that “*The State guarantees not to endow any religion*”. While not providing direct monetary funds to any religious group, the Irish State finances private primary schools, which are mainly owned and managed by religious (Catholic) entities. Religious denominations can obtain tax exemptions by applying to the Office of the Revenue Commissioners (the Irish tax authority) as charity organizations, for there is no official registration system for religious groups, and therefore must operate towards different charitable objectives, including, as stipulated by law, “*the advancement of religion*”. Ireland’s attitude towards religious matters has often been condemned as disingenuous: while seemingly upholding religious freedom and equality, many of its laws and practices seem to favor Catholicism and Catholic values. The preamble of the Constitution begins by invoking the “... *Name of the Most Holy Trinity, from whom is all authority and to whom, as our final end, all actions both of men and States must be referred*”, moreover, the Constitution itself often directly references Jesus Christ or God and requires the President, judges and members of the Council of State to swear a religious oath referencing “*Almighty God*”.

The Netherlands have not had a State Church since 1796, when the Dutch Reformed Church was declared no longer the Country's official religion, and State and Church have been operating separately ever since. While the Constitution never directly articulates the separation of State and Church, it can be implicitly identified in Article 1 and 6, which ensure religious freedom and equality as well as State neutrality. As such, the Dutch State does not provide any direct funding to religious groups and instead implements a model based on the independence and self-sufficiency of religious groups, which are recognized as private entities and operate with a high degree of autonomy. The only case in which the Dutch Law allows the State to intervene financially towards religious denominations occurs in regards to *"the practical enjoyment of religious freedom"*. A distinctive trait of Dutch society has historically been a very active voluntary sector, which often stemmed from religious organizations and entities in the fields of education, recreation, culture and healthcare. With the gradual implementation of the Welfare State a double system was established, made up of private, religion-managed, services as well as public, state-funded, ones: in her work titled *"Religion and the Secular State in the Netherlands"* Sophie Van Bijsterveld writes that *"during the 1970s peak of the social welfare state, the State took the policy of accommodating these non-profit organizations into the system, often subsidizing or supporting them on the same footing as the public alternatives"* and, to this day, the Dutch government often provides funding to religious schools and educational establishments, as well as healthcare facilities. Additionally to this first form of support, the Dutch State also allows religious organizations to qualify for tax exemptions through recognition as groups *"of a philosophical or religious nature"*, provided the group in question contributes to societal wellbeing and is non-profit and non-violent.

4. Conclusions

To conclude it is possible to state that, on an European level, religion as an institution is intertwined with both economics and politics due to a long history of conflict and cooperation, and that religion as a social phenomenon is still at the center of many political and cultural debates as well as economic and legal policies and practices, as are Church-State relations.

Moreover, all European States tend to adopt one of three approaches when it comes to the financing of religious denominations. Firstly, some opt for a State-oriented model in which the State itself directly finances religion, providing recognized faith groups with the necessary resources. Such a model, which tends to vary from State to State in its peculiarities and inner workings, can be specifically (though not solely) witnessed in Countries the likes of Norway or Greece, which either have an official State Church or a constitutionally proclaimed *"prevalent"* (meaning preferred) religion, which is usually held to a higher regard than others and therefore financially and legally favored. Secondly, many European States adopt what we can refer to as a *"mixed model"* approach in which the State provides the means, usually in the form of taxation systems, through which citizens can relocate part of their income to their preferred legally recognized religious group (or non-religious organization). This method is not exactly

“direct” or “indirect”: although the State does not provide any actual funding, it still sets up official, meaning State financed, techniques through which religious denominations can obtain financial support. Specifically, a “*mixed method*” usually takes the form of either an official Church Tax, adopted mainly by Northern European and Scandinavian countries, most of which are traditionally associated with either a Lutheran or Evangelical Church, and in some cases have or have had up until recently a State Church, or of an Income Tax donation, which can either be voluntary or customary and is usually the preferred arrangement for States with a Catholic majority, such as Spain or Italy. Lastly, some traditionally and inherently secular States, like France, as well as those that adopt a “*communitarian*” approach to religion, namely the Netherlands or Ireland, prefer to not provide any sort of funding or funding resources to religious denominations. Despite how different these methods are from one another, the comparison between the three leads to some commonalities.

A first conclusion which can be drawn in these regards is that, generally speaking, most countries still provide religious denominations with some sort of beneficial treatment, such as tax exemption, provided such denominations are legally recognized. Legality also plays an important role: it is only through legal recognition, be it as State religion or as an entity of public law, that religious groups can access financing systems, if present, as well as any other legal or financial tool the State may provide. Lastly, a widespread tendency to favor Christian denominations can be observed throughout Europe: even the ever-so secular France finances Church buildings built before 1805, and while such properties may belong to the State, they still are majorly used to religious ends. Such an issue is particularly evident in those Countries where migration has brought about a significant demographic shift towards Islam, which is often subjected to legal and financial discrimination, for instance: it is the second biggest religious denomination in Italy but has no official form of legal recognition.

Lastly, and dare I say most importantly, it becomes obvious that no European State is or can be entirely indifferent to religion, for it is a quintessential aspect of human existence and history: the State can, and some would argue, should, separate itself from religion in the name of religious equality and not of religious absence, for religion is not and most likely never will be absent in society, and the State relies on society just as much as society relies on the State.

Conflict of Interest Statement

The author declares no conflicts of interest.

About the Author

Irene Melchioni is, at the time of this publication, a Political, Social and International Sciences undergraduate student at the University of Bologna, Italy. This article was initially written as an assignment for Professor’s Antonello De Oto course on “Religious and Intercultural Law”.

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